



COMMISSIONER OF FINANCIAL REGULATION

ADVISORY NOTICE

REGULATORY ALERT



October 2, 2019

REVISED MORTGAGE REGULATIONS TO TAKE EFFECT OCTOBER 4TH

On March 1, 2019, the Commissioner of Financial Regulation published a notice of proposed revisions to regulations governing mortgage brokers, lenders, and servicers (COMAR 09.03.06). On September 13, 2019, the Commissioner published a notice of final action on these regulations. In accordance with the notice of final action, the revised regulations take effect October 4, 2019.

Prior to issuing the final regulations, the Commissioner's office conducted a comprehensive review of its mortgage regulations with the goals of improving the regulations to better reflect current mortgage market conditions, increasing consumer protections, and improving certain aspects of the Commissioner's supervisory authority. During the review process, the Commissioner and members of his staff convened in-person meetings with stakeholder groups and otherwise communicated extensively with these groups to discuss proposed changes and assess their impacts on both consumers and the industry. The resulting changes to the regulations were made after thorough consideration of the input of all parties that participated in the process as well as all of the public comments that were received.

Highlights of the revised regulations include:

- Updating various definitions, including the tying of certain definitions to those used in federal law or regulation in order to provide greater consistency between federal and State regulations.
- Clarifying regulations regarding the delivery of disclosures, including providing explicit permission for electronic disclosures.
- Requiring the posting of a license only if the general public has access to the licensed location.
- Providing greater flexibility in determining who may serve as a licensee's designated complaint resolution contact.
- Establishing certain standards for the processing of license applications by the Commissioner's staff.
- Codifying the Commissioner's policy on trade names, based on the functionality of the NMLS system.
- Simplifying the process for obtaining approval for off-site and electronic record storage, and
- establishing standards for such storage.
- Increasing document retention time to 61 months (consistent with a statutory change passed by the General Assembly earlier this year).
- Updating requirements for the contents of loan files, based on issues identified through supervisory activity and with an intent to address current risks and practices.

- Establishing standards and timeframes for providing records to the Commissioner.
- Eliminating the requirement for monthly loss mitigation reporting.
- Updating certain advertising standards to provide increased clarity to industry, particularly with regard to advertising via social media, while ensuring appropriate consumer protection.
- Updating Maryland rules for covered loans by relying upon federal ability to pay standards.
- Creating requirements for supervision of mortgage loan originators by their mortgage lender employers.
- Creating a requirement for a comprehensive information security program commensurate with the scope of the licensee's business, including its size and complexity.
- Creating a significant event reporting requirement.

The Commissioner strongly encourages all licensees to review the revised regulations thoroughly. The new regulation has been published by the Maryland Secretary of State's Division of State Documents, and may be found online [here](#). (Note: while the regulation was published on line Oct. 1, the effective date is Oct. 4)

Questions regarding the changes described herein may be directed to Clifford Charland, Director of Non-Depository Operations, at 410-230-6167, or by e-mail at clifford.charland@maryland.gov.